

We want to enable them to be able to secure their own destiny. We want to leave that country other than providing the basic support they may need on an ongoing basis.

Secondly, the terror, if you will, al-Qaida and some of the other militant groups have wreaked on these villages has caused them to want to band together with us and again try to make sure they do everything they can to cause their villages to be peaceful. For that reason, we no doubt are seeing gains on the ground as it relates to security.

I think the third thing we would all agree with is the central Government itself has not made the gains we would have hoped more security on the ground would have enabled them to do. I think most delegations that went there met with various Iraqi officials. I know I met with both a Shia and a Sunni deputy president there on the ground and talked with them about the lack of benchmarks we had hoped they would all meet.

Obviously, we also are aware the Prime Minister is meeting with the President and two deputy presidents on a daily basis to try to reach some type of reconciliation so they can move forward on these important issues. But the fact is, those benchmarks have not been made in a way that we here in the Government would like to have seen them approached and progress made.

Our soldiers have been outstanding. There is no doubt that military gains on the ground have occurred, and the central Government has not conducted itself in a way that we would have liked to have seen happen.

In the next week or so we are going to see a number of reports, but most important, obviously, to me anyway, is the report General Petraeus and Ambassador Crocker will put forward. I urge my fellow Senators on the floor to listen to what is going to be said. Obviously, there are people here who have a lot invested in various amendments or proposals, and there is a human trait we want to see our own proposal, if you will, be the one people in the Senate and our country adopt.

But let me state I do not think there is any question that the Petraeus plan is going to discuss redeployments. It is going to discuss bringing men and women home from Iraq based on the successes we have had on the ground in recent months. I do not think there is any question we have seen a change in mission take place on a province-by-province basis. In other words, one of the things we debated heavily in previous debates this year on Iraq was changing the mission of our men and women in uniform. Yet we are seeing this occurring province by province, as tribal leaders are able, working with our military leaders, to take the lead in their own security. So we are seeing that change in mission.

I say to my fellow Senators, let's listen. I think we have an opportunity in the Senate for Democrats and Repub-

licans to come together around a plan that would unify our country in such a way as we are able to bring our country together around what is happening in Iraq. I do not know what the details of the Petraeus plan will be. My guess is he and others today are actually calibrating what the exact redeployment ought to be and what the timing of that ought to be to actually make sure we do not lose the successes we have had on the ground. But my guess is, there will be redeployments, and I think those will be gradual, again, to build on the successes we have had—again, a continual and gradual change in the mission underway in Iraq.

I am of hope, of great hope—and maybe it is my newness to the Senate that gives me this optimism still, but I have great hopes that if we will all listen to the reports that are being given, and not to those people who wish to see us divided, I think we in the Senate have an opportunity to come together around a proposal in Iraq that gives us the opportunity to build on the successes we have had and to change the mission of our men and women so over time what we are doing is basically supporting the operations of the Iraqis as they continue their move ahead, hopefully, toward a more secure Iraq.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REED. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BROWN). Without objection, it is so ordered.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### MILITARY CONSTRUCTION AND APPROPRIATIONS ACT, 2008

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of H.R. 2642, which the clerk will report by title.

The legislative clerk read as follows:

A bill (H.R. 2642) making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2008, and for other purposes.

Mr. REED. Mr. President, I believe the Senator from Arizona has a request.

The PRESIDING OFFICER. The senior Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senator from Arizona, who has given up his 10 minutes in morning business, be allowed to speak between 2:20 and 2:30 this afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2656

(Purpose: In the nature of a substitute)

Mr. REED. Mr. President, on behalf of the Appropriations Committee, I call up an amendment in the form of a committee substitute which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Rhode Island [Mr. REED] proposes an amendment numbered 2656.

Mr. REED. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in today's RECORD under "Text of Amendments.")

Mr. REED. Mr. President, I am pleased to bring the fiscal year 2008 Military Construction and Veterans Affairs, and related agencies appropriations bill to the Senate. This is a unique bill for many reasons, not the least of which is it is the first appropriations bill that will be considered under the requirements of S. 1, the Honest Leadership and Open Government Act of 2007. On August 2, 2007, the Senate approved S. 1 by a vote of 83 to 14, clearing the measure for the President's signature. When signed by the President, this ethics reform legislation will significantly improve the transparency and accountability of the legislative process.

Although the White House has requested the Senate not submit the legislation to the President until he returns from his overseas travels, I wish to assure Senators we intend to abide by the requirements of S. 1 during the consideration of this bill. The legislation requires that the chairman of the committee of jurisdiction certify that certain information related to congressionally directed spending be identified and that the required information be available on a publicly accessible congressional Web site in a searchable format at least 48 hours before a vote on the pending bill.

The information required includes identification of the congressionally directed spending and the name of the Senator who requested such spending. This information is contained in the committee report numbered 110-85, dated June 18, 2007, and has been available on the Internet for over 2 months.

In addition, pursuant to the standards required by Chairman BYRD and Senator COCHRAN, letters from each Member with a congressionally directed spending item in this bill or accompanying report are available on the Internet certifying that neither the Senator, nor his or her spouse, has a pecuniary interest in such spending item.

I am submitting for the RECORD the certification by the chairman of the Committee on Appropriations.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Senator Byrd: I certify that the information that will be required by S. 1, when it becomes law, related to congressionally directed spending, has been identified in the Committee report numbered 110-85, filed on June 18, 2007, and that the required information has been available on a publicly accessible congressional website in a searchable format at least 48 hours before a vote on the pending bill.

Mr. REED. Before yielding to Senator HUTCHISON, I would like to thank Chairman BYRD and Senator COCHRAN for their leadership in bringing this bill to the floor. Also, I would like to thank the ranking member of our subcommittee, Senator HUTCHISON, for her support and assistance, her knowledge and experience on the subcommittee, and her dedication to veterans and the military have been tremendous assets in developing this bill. I am particularly pleased to bring the bill to the floor today in anticipation of welcoming Senator JOHNSON back. He is our subcommittee chairman. He will return tomorrow. This bill is a testament to Senator JOHNSON's tenacity in the face of adversity and to his leadership, even though as he recuperated, he was involved in the process and proceedings and he too shared the deep concerns of the Nation's military families and our Nation's veterans. I am deeply honored to be managing this bill on the floor for him.

I yield to the Senator from Texas.

The PRESIDING OFFICER. The senior Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I wish to first thank the Senator from Rhode Island for allowing me to speak before he gives his major talk about the bill itself because of time constraints. I appreciate that. It was very nice of him to do that.

Let me first say it has been very helpful—it has been terrific—working with the Senator from Rhode Island. He was, as he said, substituted. This was thrown at him early this year. I know it is something he wanted to do because he has a great record serving in the military himself, but to step in for Senator JOHNSON because of his illness was a great thing that Senator REED was able to do, and he has done a great job. I might add that his able staff has had a lot of experience on this bill and were also very helpful. Tina Evans, B.G. Wright, and Chad Schulken have been subcommittee staff members for a long time—longer than any of us, I might say—and it has been very helpful to have that knowledge and experience working with us. Of course, my own staff, Dennis Balkham, Christine Heggem, Yvonne Stone, and Sean Knowles have also contributed greatly to this complicated bill. It is a big bill that affects all our veterans and our military personnel because we do deal with military construction as well as veterans affairs.

This bill, I think, balances all the needs that are necessary very well. We have to take into account, of course, the Active-Duty servicemembers in making sure they have the military

construction they need to do the job we are asking them to do. The Guard and Reserve, which I will mention later, is well funded in this bill, and it is something we must do because they are carrying such a huge burden in the war against terror. Local communities, family members of servicemembers, and taxpayers all have a part in balancing any appropriations bill and especially this one.

This bill does address the infrastructure requirements as well as health care and benefits of our veterans. We hope to move it expeditiously across the floor today, I think because Senator REED and I have worked so well on the bill that we have solved most of the issues that have come forward, and I believe we have done a good job in funding everything that was necessary.

Let me mention a couple of the main points. This subcommittee, with Senator FEINSTEIN and myself, were instrumental in the rebasing effort that has occurred in the Department of Defense. We are bringing back 70,000 of our troops from overseas to be able to train in the United States. This was part of an overseas basing commission bill that Senator FEINSTEIN and I co-sponsored that was adopted by Congress and results in 70,000 troops coming back—mainly from Germany and South Korea.

That also has had an impact on military construction because we found when we went overseas that there were training constraints in the bases overseas. We had capacity in America for better training and better opportunities for families. So in this bill we had to address the needs of the military construction for those troops that will be moving back home over the next 5 to 6 years.

In addition, Congress has the responsibility to fund the BRAC. We have a time limit for the Department of Defense to implement BRAC. That requires building not only in the places where troops will be moving in and facilities that will be needed for additions to bases, but also to take care of the needs of bases that are going to be closed. We did fully fund BRAC, and I am pleased that we did. It was our responsibility to do it because we put a deadline on the Department of Defense for the implementation of BRAC. We certainly have to do the required construction in order to meet the deadline.

Army modularity: We are changing the concept. There are smaller fighting units now. We have accommodated that modularity effort through our military construction efforts. Of course, in the global war on terror, which is the major overlying conflict that is going on today with our military personnel, we certainly have to meet the needs of those who are being trained and are going to be deployed in the war on terror, and we have to take care of their families.

The military construction section of the bill provides over \$21 billion for construction projects, and it is very

strong. It is very important in our transformation effort that we have increased the end strength of the military, as well as changed the types of fighting units that we will have in the military. So that has also provided requirements for different military construction. We are doing exactly what we should be doing in the bill, and we worked very closely with the authorization committee to assure that their priorities and our priorities were the same.

I am very pleased that we also have addressed the needs of the Guard and Reserve. I have to say—and I think everybody who knows the subject would agree—that the funding needs of the Guard and Reserve have not been well represented in the Department of Defense budget submission in the past because of other high priorities for our defense dollars. But the Guard and Reserve are doing so much in the war on terror. They are being deployed and redeployed. We need to make sure they have the facilities and support they need to fulfill their very vital function in the war on terror.

The other part of this bill, which is a major responsibility, is, of course, the Department of Veterans Affairs. The veterans affairs portion of the bill has many good features. As we move forward in the process, I am committed to continuing to work with my colleagues to make sure that every dollar is spent wisely and efficiently to serve the needs of our veterans. We have expanded resources to treat the types of injuries and illnesses that our veterans are facing today. We are doing more in mental health and trying to help people with post-traumatic stress syndrome.

We are trying to make sure our facilities are kept up. We have a huge building program. Minor construction will be \$751 million. Major construction will be \$727 million. It is going to be a major effort to make sure these facilities are cutting edge.

Severe trauma and brain injury is another area we are addressing more fully in this bill than we ever have before. Also, research into prosthetics and the use of artificial limbs is another important focus because we know more of our young soldiers are losing limbs, and we need to make sure we are doing the very best for them to be able to lead normal lives.

We are doing more research into gulf war illness and, as well, geriatric care for the older veterans. These are critical needs. We will never quit looking for answers, and this fully funds the research for the areas in which we need to do more and better for our veterans.

We must continue to adapt to the types of injuries that our warriors experience in the different theaters in which they serve. We must also prepare for future weapons, such as chemical and biological, that may be used against our soldiers.

Mr. President, I think every Member of Congress shares in the desire to fairly compensate, medically treat, and

honor the veterans who have sacrificed and borne the responsibility of military service. The VA provides health care free of charge to address any and all service-connected illnesses or disabilities, mental or physical, including those conditions which may manifest decades after military service.

The VA also provides health care free of charge to low-income veterans regardless of service-connected disability or illnesses. We always have—and always will—take care of our Nation's veterans.

In summary, this Congress has shown its resolve time and again to care for our men and women in uniform, as well as the more than 7 million veterans in America. We owe them our gratitude. We owe them what they deserve, and that is that we take care of their needs.

I appreciate working with Senator REED. I appreciate that we have done everything we could with the dollars we had. I will just note that President Bush has said if the bill stays as it is now, he plans to sign it so that we can implement it quickly. But I do hope as we go through the conference process and finish the bill on the Senate floor that we will keep to the intention of the bill, that we will make sure we stay within the guidelines we have.

We have added \$4 billion above the President's request already. That money is allocated, so there will be relatively few changes I think we should make if we are going to expeditiously send the bill to the President for his signature and assure that he will sign it.

Once again, I thank Senator REED and his able staff for accommodating me and allowing me to make my statement. I look forward to getting this bill out tomorrow and on to the President very soon.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I ask unanimous consent that the substitute amendment be considered and agreed to; that the bill, as thus amended, be considered as original text for the purpose of further amendments; and that no points of order be considered waived by this agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REED. Mr. President, I commend Senator HUTCHISON for her hard work and that of her staff. She has been a very positive and laudable member of the committee. She has vast experience, having served on the committee many years, and has made a major contribution to this legislation, and she should be acknowledged for that contribution.

Mr. President, this is a critically important piece of legislation, and I hope that the Senate will act on it expeditiously. Both the Department of Veterans Affairs and the veterans service organizations have urged prompt action on this bill, and the President himself has cited the importance of not

delaying crucial funding for our Nation's veterans and military forces.

The Military Construction and Veterans Affairs Appropriations bill funds urgently needed investments in the facilities in which our military forces and their families live and work and train for battle. It also provides funding for the benefits and medical care acutely needed by our Nation's veterans.

The bill before the Senate today provides a total of \$109.2 billion in funding, including \$64.7 billion in discretionary funds. In all, the discretionary funding is \$4 billion over the President's budget request. As Senator HUTCHISON said, the President is prepared to sign the legislation as it is.

Funding for the Department of Veterans Affairs totals \$87.5 billion, of which \$44.5 billion is for mandatory programs and \$43 billion is for discretionary programs, an increase in discretionary funding of \$3.6 billion over the President's budget request.

We have independently determined additional needs for military construction and veterans affairs, and we found a responsible way to meet these additional needs.

More than 70 percent of the increase—\$2.6 billion—is for the Veterans Health Administration. This increase will allow the Department of Veterans Affairs to dedicate additional resources to deal with spiraling health care needs for veterans, including the urgent needs of Iraq and Afghanistan war veterans. Chief among needs, in terms of widespread impact, is the treatment of traumatic brain injury and post-traumatic stress disorder.

The extent of these problems among returning veterans—and the strain that the treatment of them is placing on the Veterans health care system—is only now coming to be fully understood. The Defense Department estimates that as many as 30 percent of returning Iraq and Afghanistan war veterans suffer from traumatic brain injury or post-traumatic stress disorder—or both. This is a startling statistic and a looming crisis that needs to be addressed immediately.

The urgency of this problem was among the top findings cited in the report of the President's Commission on Care for America's Returning Wounded Warriors, better known as the Dole-Shalala Commission. The commission's report, which was released earlier this summer, spotlights the need to aggressively prevent and treat post-traumatic stress disorder and traumatic brain injury, including preparing for the long-term consequences of these injuries.

Many of the veterans wounded in Iraq and Afghanistan will require years, if not a lifetime, of medical care from the Department of Veterans Affairs. And this new influx of veterans is occurring at a time when the veterans from previous wars are aging and requiring substantial increases in medical services as well as long-term care.

It is vital that the Department of Veterans Affairs have adequate resources to address these emerging and unanticipated requirements without draining funds from other needed and high priority programs, such as long-term care for aging veterans.

Unfortunately, for too long, the President's Office of Management and Budget has ignored the financial impact of the wars in Iraq and Afghanistan on the Department of Veterans Affairs, and has continued to penny pinch the Department's budget.

As a result, the Department of Veterans Affairs has struggled over the past several years—often unsuccessfully—to keep pace with the rising demands for veterans health care. It has been Congress that has had to lead in providing the resources to bail out the Department when its projected health care costs fell abysmally short of the mark. And it has been Congress that has led the effort to provide the Department with more resources for mental health care programs at a time when the requirement for such services is soaring.

I am pleased to report that the bill before the Senate today corrects the deficiencies of the past and provides the necessary investment to guide the Department into the future.

And there is more good news for veterans in this bill. This legislation provides \$1 billion over the President's budget request for minor construction and nonrecurring maintenance of veterans hospitals and clinics. Last February—after the President submitted his fiscal year 2008 budget request and after the deplorable conditions at Walter Reed Medical Center were revealed—the Veterans Affairs Department released a report identifying roughly \$5 billion worth of deficiencies in its facilities system-wide. If we do not want to see another Walter Reed horror story in veterans' facilities, we need to move aggressively to correct these deficiencies, and the funding in this bill will allow the Department to do so.

The bill also includes \$131 million to hire at least 500 new claims processors to reduce the growing backlog of veterans' disability claims. The Veterans Benefits Administration currently has a backlog of almost 400,000 pending claims, with the average claim taking almost 6 months to process. In testimony before the Senate Veterans Affairs Committee in March, the GAO highlighted the need for the VA to take steps to reduce the existing backlog of claims and improve the accuracy and consistency of decisions. This bill takes dead aim at correcting those problems.

I know, as all my colleagues do—because we get the calls in our State offices from veterans who need help and have an unusually long time in which their claim is being processed—that sometimes the claims are rejected and have to be resubmitted or are pending

appeals. All of this is going to be corrected, and it is going to help the people who need help, veterans who need access to the veterans system quickly and efficiently, and we hope this bill will do that.

On the military construction side, which is the other major provision in our legislative agenda, the bill provides \$21.2 billion. While this is a substantial increase over last year's funding level, it should be noted that more than half of the budget request was to fund the 2005 base realignment and closure program and the President's Grow the Force Initiative. For military construction associated with conventional mission requirements, the budget request, following the trend of the past 5 years, was basically flatlined, but we have two major initiatives—the BRAC of 2005 and the new initiative of the President to increase principally the size of the Army—and those initiatives have required additional funding.

The Senate bill fully funds the President's \$8.2 billion request for BRAC 2005 and for his Grow the Force Initiative, and it increases funding for the regular military construction program by nearly \$400 million over the President's request. Especially in a time of war, we must not skip on funding the basic infrastructure needed to support our men and women in uniform.

The Senate bill also provides \$320 million—that is \$100 million over the President's budget request—for the BRAC 1990 legacy program. This goes back to the prior BRAC in 1990.

It is important that the Government keep its commitment to the communities affected by prior BRAC rounds and ensure that environmental cleanup of closed military installations is completed as thoroughly and rapidly as possible. Although it has been nearly 13 years since the last round of closures under the previous BRAC rounds, the backlog and environmental cleanup remains at \$3.5 billion. At the current rate, it will take decades to return some of that property to a safe and usable condition. In the meantime, af-

fectured communities cannot use much of the land on which these bases sit.

I am particularly pleased that this bill adds \$234.6 million above the President's budget request for Guard and Reserve military construction projects. The Guard and Reserve are central components of our Nation's military forces. Yet the President's request for military construction to support these components has been steadily declining. The Senate bill corrects that deficit.

Because of the enhanced scrutiny of earmarks under the requirements of S. 1 and the guidance of Chairman BYRD and Senator COCHRAN, it is important to understand how the military construction portion of this bill is funded. The vast majority of military construction funding is project based. That means Congress cannot correct deficiencies in the President's budget request simply by increasing the top line of individual accounts. Military construction funding is allocated by project and by law. Each and every major construction project must be individually authorized and individually funded. The President's military construction budget request is composed primarily of earmarked projects, and congressional increases to the budget request must also be earmarked for specific projects.

The 2008 Senate bill includes 665 individual earmarks, of which 580 were requested by the President. The staff of the Military Construction and Veterans Affairs Subcommittee worked diligently to identify every earmark in the Senate bill. Every Senator was required to submit to the committee both a written request and a letter of financial interest before a request would be considered. Moreover, the military construction title of this bill is developed in close coordination with the Senate Armed Services Committee, and every congressionally directed project in the appropriations bill is authorized in the Defense authorization bill. The process could not be more open and aboveboard.

It has been reported that the Senate bill harbors \$6.5 billion in undisclosed earmarks, which comprises the funding for construction projects in the BRAC 2005 account. This characterization reflects an unfortunate misunderstanding of the BRAC account which I am pleased to clarify for the record.

Unlike the regular military construction program, the BRAC account does not require line-item authorization and appropriation for individual projects. Instead, the account receives lump-sum funding from which the Defense Department develops a spending plan to implement the recommendations of the Base Closure and Realignment Commission. Neither Congress nor the Defense Department has the authority to deviate from the Commission's recommendations. It is the policy of this committee to not earmark or accelerate funding for specific projects within the BRAC account because of the complicated domino effect of closing and realigning facilities among installations. Thus, each of the BRAC 2005 projects identified in the committee report was determined by the administration, in accordance with the BRAC law. The account includes no congressional earmarks.

I regret that due to a lack of understanding of the BRAC process, the Military Construction and Veterans Affairs appropriations bill has been used as a poster child for undisclosed earmarks. Such an assertion is inaccurate on its face, but to correct any lingering misconceptions, I have prepared a list of the 189 BRAC 2005 projects that were published in the report accompanying the bill, annotated to show that each project, since it was funded through the President's budget request, was requested by the President.

I ask unanimous consent to have the list printed in the RECORD so there can be no question as to the origin of these projects.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[illegible]

State	Service	Location	Commission recommendation	Project	Dollar amount	Request by
Maine	Navy	Indian Head	5	Command, Control, Computers, Communications, Intelligence, Surveillance, and Reconnaissance (C4ISR) (200) Facilities Ph 2	104,000	The President
Michigan	Air Force	Andrews AFB	169	Medical Research Lab, Chem Bio Defense	27,000	The President
Minnesota	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Missouri	Defense Information Systems Agency	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Montana	National Security Agency	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Nebraska	TRCARE Management Activity	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Nevada	Navy	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
New Hampshire	Air Force	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
New Jersey	Air Force	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
New Mexico	Air Force	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
New York	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
North Carolina	Air Force	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
North Dakota	Air Force	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Ohio	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Oklahoma	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Pennsylvania	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
South Carolina	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President
Texas	Army	Fort Meade	184	Medical Research Lab, Chem Bio Defense	2,900	The President

Virginia	Navy	Fort San Houston	174	Battleraid Health & Trauma, Inc. 2	The President	53,000
	Air Force	Fort San Houston	174	Health Training Center	The President	1,273
		Fort San Houston	174	Headquarters Air Force Center for Environmental Excellence & Air Force	The President	1,273
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Mr. REED. Mr. President, it has been a remarkable process putting this bill together, principally because of the staff of the subcommittee on both sides. I wish to particularly thank Christina Evans, B.G. Wright, and Chad Schulken for the majority, and Dennis Balkham, Chris Heggem, and Yvonne Stone for the minority for their hard work and cooperative effort to produce this bill.

I believe the 2008 Military Construction and Veterans Affairs and Related Agencies Appropriations Bill is an excellent piece of legislation, one that is needed now, not later. It is needed to fund programs that are crucial to our national defense, to the defense of the Nation, and to the well-being of our veterans. I hope and urge that the Senate quickly pass this bill.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The junior Senator from Texas is recognized.

NOMINATION OF JIM NUSSLE

Mr. CORNYN. Mr. President, the August recess has given us all an opportunity to return to our constituents and reconnect with the people of our States and listen to what is on their minds, not just what we hear inside the bubble in Washington, DC. For my part, the issues I encountered wherever I went in Texas were concerns about the economy, about jobs, about Government spending. Many people are concerned, and given, unfortunately, the recent history of the Congress and the budget that has already passed, I don't blame them for their concerns. There are some very real reasons they should remain concerned about taxing and spending in the Congress.

Mr. President, you will recall that in 2001 and 2003, when Republicans were in the majority, Congress passed well-timed tax relief that helped the economy overcome the fallout from corporate accounting scandals of the late 1990s, the bursting of the tech bubble, and the horrific attacks of September 11, 2001. This well-timed and important tax relief put money back into the pockets of working families all across America, in the pockets of small businesses and entrepreneurs, and as a result, the economy has bounced back in an incredible and impressive way. Items such as bonus depreciation and the \$100,000 expensing have allowed entrepreneurs and small businesses to grow, not only helping their owners and their families but also creating jobs for their community.

We doubled the child tax credit for working parents. We provided tax relief to all taxpayers from higher marginal tax rates. We reduced the marriage tax penalty and protected millions of taxpayers from the alternative minimum tax. We also provided capital gains and dividends tax relief for small investors, which have helped increase economic activity and fill the Government's coffers.

We continue to benefit from this tax relief we are enjoying by seeing 8.2 million new jobs created, nearly 6 years of

uninterrupted economic expansion, and surging tax revenues that have far outpaced projections and helped lower the deficit. In fact, last month, the Congressional Budget Office reported that the budget deficit will fall by more than one-third this year and is almost \$20 billion lower than its previous estimate. Meanwhile, it was reported that the economy grew by 4 percent last quarter alone.

Unfortunately, there are some on the other side of the aisle who want to fix what is not broken and roll back the progress we have made with the tax relief passed in 2001 and 2003. Instead of talking about tax relief for hard-working Americans, there are those who are talking about raising taxes on Americans. Instead of talking about supporting the American entrepreneurial spirit, some are talking about expanding the size of Government and increasing Government spending.

First, we passed a budget a few months ago that contemplated the largest tax increase in our Nation's history, not as a result of the vote of Members of the Congress but by allowing the temporary tax provisions I mentioned a moment ago to expire without taking a single vote. This budget stacked the cards against taxpayers by making it easier for Washington to raise taxes. Then the Senate considered tax policies on a so-called Energy bill that produced no new domestic sources of energy. Instead, it would have reinforced America's dependence on foreign energy sources. At the same time, we have seen legislation pass that raises taxes that especially hits low- and middle-income individuals hard.

Next, we saw proposals rejected that would have forced Congress to err on the side of the people by making it more difficult for the Senate to raise taxes. For example, a 60-vote point of order against legislation that raises income taxes that overwhelmingly passed the Senate but was later stripped out during the conference committee on the budget.

In addition, some on the other side of the aisle have proposed to raise the Federal gas tax at a time when the price of gasoline remains around \$3 a gallon. They have also proposed legislation that slaps what I believe could accurately be called a competition tax on America's entrepreneurs and small businesses by making it more difficult to keep capital at home and to attract capital from abroad. After all, capital formation is the lifeblood of domestic job creation.

Finally, some have actually advocated rolling back the 2001 and 2003 tax relief that has done so much good for American businesses and provided my home of Texas with historically low unemployment rates.

As this chart shows, American workers will have to work 79 days just to pay for their Federal taxes this year. And that, of course, is on top of the 41 days to pay their State and local

taxes—which we can see far exceeds any other category, whether it is housing and household operation or health and medical care or transportation, clothing, or other items. They are far exceeded by the Federal tax bite taken out of the average taxpayer's paycheck.

We have been treated to an interesting debate during the Presidential primaries already to see how leading Presidential candidates compare on various tax issues. We have seen proposals from the top Democratic candidates to actually raise the individual tax rate to 39.6 percent from 35 percent. We have seen proposals from the top Democratic candidates to tax private equity, carried interest at higher ordinary income rates, and we have seen a proposal to preserve the death tax.

On the other hand, top Republican candidates have proposed to preserve the tax cuts, including the 35 percent top rate, preserving the lower capital gains rate for carried interest, and we see on the bottom the difference in the way the top Democratic candidates for President and top Republican candidates for President would treat capital gains and other taxes.

Invariably, it seems as if the differences are between those who would take more of a tax bite out of the hard-earned income of the American taxpayer and spend more on Federal Government and those who believe the people who earn the money deserve to keep more of what they earn. This tax relief has given rise to an unprecedented expansion of the economy and job creation beyond some of our wildest dreams.

The politics of tax and spend has unfortunately crept back into Washington and threatened to undo a lot of good work that has been done over the past several years. One rather confusing example is the recent passage of the reauthorization of the Children's Health Insurance Program. This bill increased the CHIP budget by 300 percent, effectively raising taxes to cover the expenditure. But this program has also increased the scope of CHIP coverage to include families of four with an income of more than \$80,000, some 400 percent of the poverty level. This creates the double standard of such families being in need by CHIP standards but wealthy under the Tax Code. Our laws should never contain such a ridiculous double standard.

This battle for higher taxation and fiscal irresponsibility is nowhere more evident than it is with the confirmation of Jim Nussle as the head of the Office of Management and Budget, a nomination we will be voting on later today. Despite the progress and economic boom that I have described, many Members of Congress are fighting against this nomination, even though this former chairman of the House Budget Committee was a major architect of these successful tax policies which I have described. The House majority leader even remarked that from



2001 to 2006 Congress had “pursued the most fiscally irresponsible policies.” And while our current economy seems to contradict that statement, the American taxpayer must certainly disagree.

Congressman Nussle has a long and well-established history of financial responsibility and is considered by many to be a leading expert on budget issues and the Federal budget process. Congressman Nussle has worked hard to try to pass meaningful earmark reform, even before it became a popular political rallying cry. He was instrumental in writing the welfare reform bill, and he successfully passed six budgets. Finally, Congressman Nussle has been repeatedly praised for his work on taxes by national organizations such as Americans for Tax Reform, the National Taxpayers Union, Citizens Against Government Waste, the Council for the Committee on Government Reform, and the National Tax Limitations Committee.

As we move forward, the last thing we should do is to reverse the policies that have helped bring around America's economy, reduced the deficit and put more money in the pockets of Americans. Indeed, we must pursue economic policies that encourage growth and protect the interests of America's taxpayers. The best way to do that is by maintaining the tax relief that has already helped millions of hard-working Americans and by confirming Jim Nussle as head of the Office of Management and Budget.

Mr. President, I yield the floor and suggest the absence of a quorum.

THE PRESIDING OFFICER (Mr. CARPER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

THE PRESIDING OFFICER. Without objection, it is so ordered. The Senator is recognized.

#### THE ECONOMY

Mr. KYL. In just a few minutes, we are going to start the discussion of the confirmation of Jim Nussle as head of the OMB—the Office of Management and Budget. And since a lot of what he has to work with in terms of budget depends upon decisions we make in the U.S. Congress, I thought it might be a good time to review some of the economic news and information that has been coming out over the course of the last several days and weeks. The majority of this information is very encouraging for our future, and I will go through briefly and explain why it matters.

It shows, first of all, that we had 4 percent economic growth in the second quarter of this year. That is phenomenal and well above the historical average. Continuing low unemployment; now it is 4.6 percent. More than 8 million jobs have been created in the course of the last 5 years. And though the stock market has been up and down

in recent weeks, it is still growing at better than 7 percent this year, which is very good. In fact, since 2003, the stock market has grown at an average of 12 percent, which is at about the historical average of the stock market. The poverty rate has declined to 12.3 percent. By contrast, for example, under the Clinton administration, it averaged 13.3 percent, so it is 4 percent lower than it was during that time.

Clearly, the economic growth that has characterized our economy generally has benefitted many segments of our society. Nearly 70 percent of Americans now own their own homes. That is higher than at any time, for example, during the previous administration. And the average home price has increased by more than 50 percent since 2001, meaning that a home worth \$200,000 in 2001 is, on average, worth about \$300,000 today. That kind of appreciation for housing has obviously increased the wealth of American homeowners by literally billions of dollars.

Those are just some of the numbers, Mr. President, but I think they illustrate a very important point, and that is that success in the economy is not an accident, first of all. We in Washington need to appreciate that we don't create success. That is created by the American people—the entrepreneurs, the people who work hard, and the thousands, millions, literally, of decisions made every day in working through our free market economy. But government can also have a big impact on whether that success exists or not by decisions we make relating to regulatory and tax-and-spend policy. And what we do here, I think one would have to acknowledge, can have a big impact on the decisions that working Americans and investors make in their economic lives.

It is now undeniable that one of the key factors in the economic growth that I referred to earlier is the 2001 and 2003 tax relief passed by the Republican Congress and signed by President Bush, and it has been a big boon to the economy.

Let me explain what we have done to create the conditions for growth, in other words. We have rewarded work and investment through lower tax rates. We have refused to punish success by taxing the rich even more. We have given small businesses financial incentives to grow and to add jobs to the economy, and we have encouraged investors to move their capital around efficiently so that businesses can get the money they need to grow.

We need to continue to encourage hard work, savings, and investment. We need to protect the pocketbooks of working families and the cash registers of the small businesses by protecting them against tax increases. And, frankly, we need to stop wasteful Washington spending because when Washington goes on a spending spree, the next thing that happens is politicians start looking to raise taxes.

Now, what are the economic plans of the Democrats by comparison? Are they also aimed at encouraging growth? I would, unfortunately, say, no, I don't think so. Under the budget that was passed, the Democrats will raise taxes by \$716 billion. Those new taxes would discourage investment, punish hard work, and block jobs from being created. And repeatedly this year the Democratic Congress has overspent the budget. The war supplemental included billions in agricultural pork projects. The omnibus continuing resolution included billions in extra spending, and the appropriations bills that have passed out of the House of Representatives and are being considered in the Senate are all over the President's budget request. This is going to make Jim Nussle's job a lot more difficult.

And how do the tax-and-spend plans of the Democrats help economic growth? The answer is simple: not at all. The fact is, my Democratic colleagues rarely talk about economic growth. They don't claim the \$716 billion in new taxes would be a boost to the economy, of course, because it wouldn't. Instead, they advocate new taxes and new spending programs and just assume that economic growth will occur regardless of whether they bust the budget and raise taxes on the American people.

It pains me to say it, but I don't think these folks understand why economic growth matters to the average family. Otherwise they wouldn't be proposing this kind of counterproductive policy. Let's look at what would happen if we abandoned the current economic policies that have enabled our economy to grow in the last quarter, as I said, at over a 4 percent clip.

If the economy is not expanding, there will be very few new jobs. Most obvious and painful are the job losses. If the economy is contracting, people will be losing their jobs. And there is a multiplier effect. When one worker loses his job, his family and community suffer. All the money he or she has been earning was either being spent or invested. Now, the people relying on those dollars suffer as well. Those who keep their jobs will see very little wage growth, cuts in their benefits, such as health care, longer work hours, for example, more people working multiple jobs and spending even less time with their families.

You can see the multiplier effect of this kind of economic loss. And there is a flip side. Without economic growth, there is no expansion of existing business facilities, such as expansions to factories, which would lead to more local jobs. No new businesses. For the most part, you don't see large-scale business startups during economic downturns. And it is not just the potential worker for that company who loses out, it is the supplier and vendor and every business partner who would also have the opportunity to thrive if

the conditions were better. And your retirement suffers. Retirement savings don't grow; 401(k)s and pensions and savings accounts remain stagnant and can even lose money. Even your Social Security suffers because government depends on economic growth for increased revenues. With lower Social Security tax receipts, the date when the Social Security trust fund goes bankrupt gets even closer.

You can talk about these multiplier effects all day. They are very real. And that is why we have to support policies that strengthen economic growth and assure that American families continue to have opportunity rather than problems. Economic growth drives higher tax revenues to the State and local and Federal Government. The economic growth since the Republican tax cuts went into effect has led to dramatic increases in State and Federal income taxes. Think about it—we lowered taxes on everyone, but our Federal revenues to the Treasury have increased. That just doesn't happen in times of recession. Just the opposite occurs—there are lower tax revenues.

Even at the local level, with schools, for example, and cities—the roads, the police, the libraries, the parks—all of these things depend upon collecting tax revenues. Economic growth is essential at all levels of government. So if you care about good schools, for example, you care about economic growth.

Let me talk just one more little bit about the increase in taxes because this is one of the key factors that can inhibit economic growth, and it is one that concerned me most about the budget that was passed by the Democrats. The plan, as I said, is to repeal the 2001 and 2003 tax rate reductions—that tax relief. Every American benefitted from those tax cuts, so this would be a big mistake for two reasons.

First of all, everyone received some benefit. Even those who didn't pay taxes received money back from the Federal Government, and we created a new 10-percent bracket for the very lowest bracket of taxpayers so they wouldn't have to pay as much in taxes. So it wasn't just people at the upper economic stratum that benefitted. It was all Americans, including even some who didn't pay taxes.

Second, everyone benefitted not just because of the specific relief they got but because the economy grew. It was John F. Kennedy who said, in 1963, in supporting the tax rate cuts that he proposed at that time, that a rising tide lifts all boats. What he meant by that was as economic growth continues, it helps everybody in our society—more jobs created, wages increased, business investment increased, and money put back into the communities. So even if we just passed the tax relief for lower income people, our economy would still be hurt. Our priorities should be about encouraging economic growth and preventing a recession. High taxes and spending send us in exactly the wrong direction.

Well, Mr. President, let me conclude with this thought. We still have challenges, obviously. We are fighting a global war against Islamic extremists. It is enormously costly. But that is another reason we need a strong economy, so people have good jobs and our government has the revenue it needs to address that conflict.

While overall inflation is extremely low, in certain specific areas, such as gasoline prices, they are too high. So we need to work on creating energy independence and look at the viability of alternative fuels. We face rising health care costs with insurance premiums that continue to rise. This is a big issue, and obviously we are working on it. But Republicans know that Americans don't want radical changes that turn our health care into some kind of Washington-run bureaucratic government program—a one-size-fits-all. We need patient-centered health care in this country. We can debate about these specific solutions to these other problems, but without a vibrant and growing economy producing more and more wealth, any of those things will be difficult to address. We can help solve these problems, but the last thing an American family needs is the economic policies that would result in higher taxes, more spending, and all of the devastating consequences of economic recession.

#### EXECUTIVE SESSION

#### NOMINATION OF JIM NUSSLE TO BE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to executive session to consider the following nomination, which the clerk will report.

The assistant legislative clerk read the nomination of Jim Nussle, of Iowa, to be Director of the Office of Management and Budget.

The PRESIDING OFFICER. Under the previous order, there is now 3 hours of debate on the nomination, with 2 hours equally divided between the chairman and ranking member of the Budget and Homeland Security Committees, and 1 hour under the control of the Senator from Vermont, Mr. SANDERS.

Who seeks recognition? The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, we are now considering the nomination of Congressman Jim Nussle to be the next Director of the Office of Management and Budget. I will vote against the confirmation of Mr. Nussle. I have informed him this morning that I would cast that vote.

I do not make this decision lightly. I like Jim Nussle. I worked with him when he was the House Budget Committee chairman. We have always had a good personal relationship. But this goes beyond a personal relationship;

this is a question of the fiscal policy of the United States. Congressman Nussle would be quick to tell you that he has been an architect of this fiscal policy. Of course, the key architect has been the President of the United States, but Mr. Nussle has been a strong ally of the President in constructing this fiscal policy. I believe it is a profound mistake for this country and one that simply must be changed. To send a signal, I will cast my vote in opposition to the confirmation of Mr. Nussle.

Let me say, I voted to move his nomination through the Budget Committee. I said at the time that he is clearly qualified, which he clearly is. He is, after all, the former chairman of the House Budget Committee. But this is a question of what policy do we pursue for the future. Congressman Nussle has indicated that in fact he is proud of the policy that has been put in place. That is where we profoundly disagree. I believe this is a consequential vote, to send a signal on what we believe the fiscal policy of the United States should be, going forward.

Here is the record. When the President came into office he inherited a surplus. In fact, there was a projected surplus at the time of almost \$6 trillion over the next 10 years. We all know what happened. The President turned that into massive and record deficits, in fact, the largest deficits in our history. Part of that was because the President increased spending and increased it rather dramatically. He increased it from \$1.9 trillion a year to \$2.7 trillion, almost a 50-percent increase. We know Iraq was one part of that. He told us at the time that he engaged our forces in Iraq that that would cost about \$50 billion; the whole enterprise in Iraq would cost some \$50 billion. Instead, we are at \$567 billion and counting. He has already asked for another \$50 billion which would take us over \$600 billion committed to Iraq, 12 times the President's original estimate.

At the same time that spending has gone up dramatically, revenues of the country have basically stagnated and stagnated over a 6- or 7-year period. Going back to 2000, you can see that real, inflation-adjusted revenues of the United States were just over \$2 trillion. We didn't get back to that amount until last year. This year we are anticipating \$2.13 trillion in real revenue.

Spending is up dramatically. Real revenue has stagnated. The result is deficits and debt have soared and that is precisely what has happened. Here is the debt of the United States during this period. We have gone from \$5.8 trillion at the end of the first year of the President's time in office to \$8.9 trillion in 2007. That is a stunning increase in debt.

Unfortunately, increasingly it is financed from abroad. This is foreign holdings of U.S. debt. You can see we have gone from a combined total when this President took over of just over \$1